

§ 1721.102

the sole discretion of the Administrator, a severe hardship has been experienced, the Administrator may grant a longer extension provided that the maturity date of any such loan does not extend to a date beyond forty (40) years from the date of the note.

[67 FR 485, Jan. 4, 2002, as amended at 68 FR 37953, June 26, 2003]

§ 1721.102 Definitions.

The definitions contained in 7 CFR 1710.2 are applicable to this subpart unless otherwise stated.

§ 1721.103 Policy.

(a) In reviewing requests for extension of payment of principal and interest, consideration shall be given to the effect of such extensions on the security of the Government's loans, and on the ability of the Borrower to achieve program objectives. It is the policy of RUS to extend the time for payment of principal and interest on the basis of findings that such extension does not impair the security and feasibility of the Government's loans and:

(1) Is essential to the effectiveness of the Borrower's operations in achieving RUS program objectives which include providing reliable, affordable electricity to RE Act beneficiaries;

(2) Is necessary to help a Borrower place its operations on a more stable financial basis and thereby provide assurance of repayment of loans within the time when payments of such loans are due under the terms of the note or notes as extended; or

(3) Is otherwise in the best interest of the Government.

(b) Extensions will be given in the minimum amount to achieve the purpose of the extension.

(c) The maximum interest rate a RUS Borrower can charge on deferments for programs relating to consumer loans, *e.g.*, energy resource conservation (ERC) program, contribution-in-aid of construction (CIAC), etc., will not be more than 300 basis points above the average interest rate on the note(s) being deferred. For example, if the RUS Borrower's average interest rate on the note(s) being deferred is 5

7 CFR Ch. XVII (1–1–08 Edition)

percent, the RUS Borrower can charge a maximum interest rate of 8 percent.

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§ 1721.104 Eligible purposes.

(a) *Deferments for financial hardship.*

(1) In cases of financial hardship, a Borrower may request that RUS defer principal or interest or both. RUS will consider whether the deferral will help a Borrower place its operations on a more stable financial basis and thereby provide assurance of repayment of loans within the time when payment of such loans are due under the terms of the note or notes as extended.

(2) RUS will determine whether a Borrower qualifies for the deferment on a case-by-case basis, considering such factors as the following:

(i) Substantial unreimbursed or uninsured expenses relating to storm damage;

(ii) Loss of large power load (as defined in §1710.7(c)(6)(ii) of this chapter, Large retail power contracts); or

(iii) Substantial loss of consumers or load due to hostile annexations and condemnations, without adequate compensation.

(b) *Deferments for energy resource conservation (ERC) loans.* (1) A Borrower may request that RUS defer principal payments to make funds available to the Borrower's consumers to conserve energy. Amounts deferred under this program can be used to cover the cost of labor and materials for the following energy conservation measures:

(i) Caulking;

(ii) Weather-stripping;

(iii) Heat pump systems (including water source heat pumps);

(iv) Heat pumps, water heaters, and central heating or central air conditioning system replacements or modifications, which reduce energy consumption;

(v) Ceiling insulation;

(vi) Wall insulation;

(vii) Floor insulation;

(viii) Duct insulation;

(ix) Pipe insulation;

(x) Water heater insulation;

(xi) Storm windows;

(xii) Thermal windows;

(xiii) Storm or thermal doors;